



**MEETING OF THE RETIREMENT BOARD
OF THE COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND
OF COOK COUNTY AND EX OFFICIO FOR THE FOREST PRESERVE DISTRICT
EMPLOYEES' ANNUITY AND BENEFIT FUND OF COOK COUNTY
33 N Dearborn St, Suite 1000
Chicago, IL 60602**

Minutes for the October 2, 2014 Meeting of the Board

The County Employees' and Officers' Annuity and Benefit Fund of Cook County and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County are herein collectively referred to as the "Fund."

Call to Order and Roll Call

Trustees Present: Alexis Herrera, Jack Fitzgerald, Diahann Goode, Brent Lewandowski, Patrick McFadden, Patrick Nester, Samuel Richardson, Jr. and Lawrence Wilson

Staff Present: Nickol R. Hackett, Executive Director & CIO; Michael Maratea, Director of Finance; Paul Rzeszutko, Director of Annuity Benefits; Brenda Deming, Director of Health Benefits; Gary LeDonne, Senior Benefit Advisor; Margaret Fahrenbach, Legal Adviser; Beverly Romanini, Office Manager

Others Present: Mary Pat Burns, Burke Burns & Pinelli, LTD; Angela Myers, Loop Capital; Abin Kuriakose and Amy Ellingson, Commissioner Gainer's Office; Lepolean Redmond; Renaye Manley, SEIU; Linas Kelecus, Annuitant and Private Attorney

Public Comment

President Herrera opened the floor for public comment. Mr. Lepolean Redmond introduced himself and asked about the status of the application for a spouse annuity that he had previously filed with the Fund. The Board advised him that the application was under review and that he would be contacted when the process had been completed.

1. Review and Consideration of:

- a. September 4, 2014 Board Meeting Minutes.

It was moved by Trustee Richardson and seconded by Trustee Goode that the minutes of the September 4, 2014, Board Meeting be adopted.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

- b. Bills, Payroll Records, Annuities, Spouse and Child Annuities, Ordinary and Duty Disabilities, and Refunds.

The Fund's monthly bills and payroll records were presented for the Board's approval.

It was then moved by Trustee Goode and seconded by Trustee McFadden that the action taken by the Fund's staff in remitting payments for the presented bills and payroll records be approved.

Roll Call Vote:

AYES: Fitzgerald, Goode, Herrera, Lewandowski, McFadden, Nester,
Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

- c. Annuities, Spouse and Child Annuities and Refunds

The Fund's staff presented their recommendations to the Board regarding the applications for annuities, spouse and child annuities and refunds and confirmed that they followed the Fund's procedures in reviewing and processing the applications in making their recommendations. The Fund staff noted for the Board that the application submitted for a spouse annuity under Office Number 176357, a former Cook County employee who had been convicted of a felony related to her own County employment. The member forfeited her right to annuity benefits under Section 9-235 of the Illinois Pension Code in 2010. She was now requesting a spouse annuity based upon the service of her recently deceased husband. [Trustee Herrera stated that she would recuse herself from any discussion or consideration of the application for a spouse annuity submitted under Office Number 176357.]

The Fund staff noted for the Board a decision made by the Illinois Appellate Court, First District, under Article 8 of the Pension Code, [*Cirignani v. Municipal Employees', Officers' and Officials' Annuity and Benefit Fund of Chicago*, 317 Ill. App.3d 732 (1st Dist. 2000)] in which the court held that a surviving spouse was entitled to a spouse annuity benefit, notwithstanding the forfeiture of the surviving spouse's own annuity benefits because of a felony conviction. The trustees discussed the impact of the Cirignani decision and it was suggested that the Board defer action on the application for a spouse annuity submitted under Office Number 176357 for further review.

It was then moved by Trustee McFadden and seconded by Trustee Goode, after due consideration of the applications presented to the Board, with the exception of the application for a spouse annuity submitted under Office Number 176357, and having received confirmation from the staff that they followed the Fund's procedures in reviewing and processing the applications, that the recommendations for the presented annuities and refunds be approved.

Roll Call Vote:

AYES: Fitzgerald, Goode, Herrera, Lewandowski, McFadden, Nester,
Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

d. Ordinary and Duty Disabilities

The Fund's staff presented their recommendations to the Board regarding the applications for ordinary and duty disability benefits and confirmed that they followed the Fund's procedures in reviewing and processing the applications in making their recommendations.

It was moved by Trustee McFadden and seconded by Trustee Fitzgerald, after due consideration of the disability applications presented to the Board and having received confirmation from the staff that they followed the Fund's procedures in reviewing and processing the applications, that the recommendations for the presented disability applications be approved.

Roll Call Vote:

AYES: Fitzgerald, Goode, Herrera, Lewandowski, McFadden, Nester,
Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

2. Administrative Report

a. Travel Approval

Nickol R. Hackett, Executive Director and CIO, reported the request by Fund staff to attend the 2014 Annual Conference for Asian American Investment Professionals in San Francisco, California on October 7-8, 2014, in San Francisco, California.

It was moved by Trustee McFadden and seconded by Trustee Fitzgerald that the expenses, including any associated travel expenses, incurred by the Fund staff in attending the indicated investment conferences be approved provided that any reimbursement be in and for amounts consistent with the Fund's Travel Reimbursement Expense Policy.

Roll Call Vote:

AYES: Fitzgerald, Goode, Herrera, Lewandowski, McFadden, Nester,
Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

b. Status report from Independent Election Administrator

The Executive Director summarized the report from the Independent Election Administrator regarding the status of the election of the County Employee Member position. Two candidates had filed nominating petitions for the office and no challenges had been made. The IEA had sent notices of the process for voting by mail and for voting in person. The election will proceed on October 29, 2014.

c. Fund Office Space Upgrades

The Executive Director reported the need for the Fund to address the long-term space requirements for Document Management, IT, Investments and Member Privacy. Because the scanning of the documents retained in the 10th Floor file room was nearly completed, the space could be reconfigured to centralize IT and Document Management work areas. Other space would then be available to provide added privacy for members when in conference with counselors and to obtain other efficiencies in the use of the Fund's available work space for Investments. The Fund's lease requires that any construction work would need to be performed by a vendor approved by the landlord.

It was moved by Trustee McFadden and seconded by Trustee Nester that the Board retain Bear Construction, to provide construction services at an estimated cost of \$41,000, and Hendrickson Furniture, to provide design services and furniture at an estimated cost of \$33,500, to implement the proposed reconfiguration of the Fund's office space. It is further moved that Fund staff be authorized to take all steps reasonably necessary to effectuate the foregoing including the execution and delivery of related written agreements on behalf of the Fund by the Executive Director.

Roll Call Vote:

AYES: Fitzgerald, Goode, Herrera, Lewandowski, McFadden, Nester,
Richardson, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

d. IT Infrastructure Upgrade

Michael Maratea, Director of Finance, described the Fund's IT infrastructure needs. Mr. Maratea reported that while the Fund has implemented upgrades to both hardware and software as needed, the focus has frequently addressed only short-term issues. As a result, the present infrastructure configuration is at maximum capacity and has no room for growth. Mr. Maratea stated that a more unified infrastructure will allow the Fund to reduce the number of servers, to improve onsite and disaster recovery storage and will allow other efficiencies in testing and deployment.

It was moved by Trustee Lewandowski and seconded by Trustee McFadden that the Board approve the implementation of upgrades and enhancements to the Fund's IT infrastructure as

presented, at a total estimated cost of \$75,500.00 for hardware, software and external IT support from the identified vendors. It is further moved that the Fund staff be authorized to take all steps reasonably necessary to effectuate the foregoing including the execution and delivery of related written agreements on behalf of the Fund by the Executive Director.

Roll Call Vote:

AYES: Fitzgerald, Goode, Herrera, Lewandowski, McFadden, Nester,
Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

3. Duty Disability Consideration

Gary LeDonne, Senior Benefits Advisor, addressed the Board about applications received from two members for duty disability benefits for injuries that were incurred more than 10 years before the applications were received. Each of the members, Mr. Joseph Stanfa and Mr. Robert Warren, had received benefits under the Illinois Workers' Compensation Act ("IWCA") for the periods of duty disability that they were requesting from the Fund and submitted the required Attending Physician Statements. The County Physician did not dispute the Attending Physicians' evaluations regarding the periods of disability, but notified the Fund that it would no longer provide recommendations regarding disability for injuries that were incurred more than 10 years before the applications were received. Mr. LeDonne noted that the members had provided the required medical documentation about their periods of disability that were corroborated by the payments made under the IWCA, but were not able to obtain the recommendation of the County Physician as required by Section 9-158 of the Illinois Pension Code, as proof of their disability.

It was discussed whether the Board should adopt a policy to address applications raising these issues or consider them on a case-by-case basis.

a. Joseph Stanfa

It was moved by Trustee Lewandowski and seconded by Trustee Goode, because the submitted Attending Physician Statements regarding the periods of disability and the periods for which Workers' Compensation benefits were paid to the member are consistent with one another and not disputed by the County physician that, for these limited circumstances, the support for the Attending Physician Statements submitted by Mr. Joseph Stanfa be treated as reports of a Board physician his duty disability for purposes of Section 9-158 of the Illinois Pension Code and that the Board find that Mr. Stanfa is eligible for the duty disability benefits requested.

Roll Call Vote:

AYES: Fitzgerald, Goode, Herrera, Lewandowski, Nester, Richardson, Wilson

PASS: McFadden

NAYS: None

Vote Result: MOTION ADOPTED

b. Robert Warren

It was moved by Trustee Lewandowski and seconded by Trustee Goode, because the submitted Attending Physician Statements regarding the periods of disability and the periods for which Workers' Compensation benefits were paid to the member are consistent with one another and not disputed by the County physician that, for these limited circumstances, the Board accept the Attending Physician Statements submitted by Mr. Robert Warren as proof of his duty disability for purposes of Section 9-158 of the Illinois Pension Code and that the Board find that Mr. Warren is eligible for the duty disability benefits requested.

Roll Call Vote:

AYES: Fitzgerald, Goode, Herrera, Lewandowski, Nester, Richardson, Wilson
ABSTANE: McFadden
NAYS: None

Vote Result: MOTION ADOPTED

4. Legal Report

a. Reappoint Sullivan

Margaret M. Fahrenbach, Legal Advisor, stated that the Fund had received a letter and resume from Retired Judge James Sullivan stating that he was available to serve as a hearing officer for administrative hearings at the Fund.

b. Request to Appoint Hearing Officer – Leslie Robbins

Ms. Fahrenbach then reported that Ms. Leslie Robbins filed a request for an administrative hearing and asserted that the date she was eligible to receive cost of living adjustments was not properly determined under Section 9-133. Ms. Robbins further asserted that her service credit and final average salary were not correctly calculated. The board acknowledged the submission and requested credential from additional candidates.

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the Board appoint Mr. Patrick Driscoll to serve as the hearing officer for the administrative hearing requested by Ms. Leslie Robbins to consider whether her annuity benefit and eligibility for cost of living adjustments were correctly determined.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

5. Finance Report

a. Fourth Quarter Cash Flow Report

Mr. Maratea reported the cash flow needs of the County Fund and the Forest Fund through December 31, 2014. Mr. Maratea stated that the County Fund required \$120 million and that the Forest Fund required \$3.5 million to meet their respective obligations through December 31, 2014.

It was moved by Trustee McFadden and seconded by Trustee Lewandowski that the County Fund shall have authority to withdraw cash in an aggregate amount not to exceed \$120 million to cover the projected expenses through December 31, 2014, and it is further moved that the Fund staff shall be authorized to take all action reasonably necessary to effectuate the foregoing.

Roll Call Vote:

AYES: Fitzgerald, Goode, Herrera, Lewandowski, McFadden, Nester,
Richardson, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee McFadden and seconded by Trustee Lewandowski that the Forest Fund shall have authority to withdraw cash in an aggregate amount not to exceed \$3.5 million to cover the projected expenses through December 31, 2014, and it is further moved that the Fund staff shall be authorized to take all action reasonably necessary to effectuate the foregoing.

Roll Call Vote:

AYES: Fitzgerald, Goode, Herrera, Lewandowski, McFadden, Nester,
Richardson, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

5. Consideration of September 23, 2014, Investment Committee Recommendations

The Executive Director and CIO then reported the recommendations made by the Investment Committee regarding the proposed annual target range goals for utilization of emerging investment managers and the proposed annual target range goals for increased utilization of minority broker dealers.

It was moved by Trustee McFadden and seconded by Trustee Nester that the Board adopt the recommendations of the Investment Committee made at their meeting on September 23, 2014, and as proposed by the Fund Investment Staff, to approve the annual target range goals for the utilization of emerging investment managers and to affirm the annual target range goals for increased utilization of minority broker dealers.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

The Executive Director and CIO summarized the status of the Fund's Real Estate Emerging Manager search and the focus on non-core and REIT strategies. Adelante Capital Management was selected above other finalists and was asked to make a presentation to Investment Committee at their meeting on September 23, 2014. Callan and Fund Investment Staff then conducted final due diligence on Adelante. The trustees discussed the active REIT strategy Adelante proposed and the amount to be allocated to the investment by the County Fund.

It was moved by Trustee McFadden and seconded by Trustee Nester that the Board select Adelante Capital Management for a \$70 million active REIT mandate for the County Fund to be funded from the Russell real estate ETF, subject to satisfactory completion of successful contract negotiations. It is further moved that the Fund Investment Staff and Executive Director be authorized to take all action reasonably necessary to effectuate the foregoing, including the execution and delivery of related written agreements on behalf of the Fund by the Executive Director.

Roll Call Vote:

AYES: Fitzgerald, Goode, Herrera, Lewandowski, McFadden, Nester,
Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

7. Old Business/New Business

The Board discussed the status of the County's change to a new payroll system and inquired about any impact the transition had on the Fund. Paul Rzeszutko, Director of Benefits, reported that the Fund was experiencing delays in payroll reporting and that there were errors in the reports that had been received. These problems have impeded the Fund's ability to process annuities, disability benefits and refunds. Trustee Wilson reported that the County has focused on accurately reporting payroll records and has voiced the need to provide correct reports to the Fund. The Board then asked Fund staff to prepare a letter for the County Board on its behalf describing the status of the payroll transition and its effect on the Fund.

8. Adjournment

There being no further business before the Board, it was moved and seconded and that the trustees adjourn the meeting.

The next Board meeting is scheduled for November 6, 2014, at 9:30 a.m.